

Newspapers say govt aims to raise \$190m

Indian finance minister denies plan for slapping war tax

BOMBAY, July 15: Finance Minister Yashwant Sinha squashed bond market speculation Thursday about a tax to cover expenditure on the two-month Kashmir conflict, but said the costs would have an impact on the budget and the future, reports AP.

Sinha told a meeting of industrialists in Bombay, the country's financial capital, that India's success in pushing back Islamic intruders contributed to a "feel good" mood that should accelerate growth.

"I have never spoken about a war tax. I'm repeating in front of the camera that I have not ever spoken about any war tax," he told reporters later.

Sinha said the government was assessing costs of the border conflict with Pakistan. "It will have an impact on the budget. There will be big costs. There will be cost for the future," he said.

"We will have to think of a series of measures which will enable us to keep the fiscal deficit under reasonable control."

Newspapers reported that the government was planning a

special tax to collect up to 8 billion rupees (\$190 million) to defray the costs of two months of battling Pakistan-based intruders in Kashmir.

Replaying to reporters' questions, Sinha said revenue deficit would have to be attacked to bring the fiscal deficit under control. "No country can live beyond its means.... If we eliminate the revenue deficit which is not an easy task, then we can bring the fiscal deficit down to 2 per cent, which is liveable."

He described the fiscal deficit as the most intractable problem of the Indian economy, which could be tackled if everyone paid their taxes and government fees.

"There has been a ground swell of patriotism. If we just give this a little push we will have every citizen giving his due to the government and society. This is one way in which we will tackle the fiscal deficit and there will be other ways," Sinha told the Indian Merchants Chamber.

The flow of foreign direct investment and institutional in-

vestment, and the rise in industrial output were signs of an economic revival, he said.

"Despite elections and the border crisis, we are moving ahead, confident as a nation and as an economy," Sinha said.

A fiscal deficit of 4 per cent is the target of the Finance Ministry this year as compared to 6.3 per cent last year. Meanwhile, inflation is 3 per cent, the lowest in 17 years.

Sinha's July 13 meeting with Indian President R R Narayanan had fuelled newspaper reports that he had presented the government's proposal for a special tax.

The government, acting as caretaker until September-October elections, must receive presidential approval before taking such major policy decisions.

Under an agreement reached Sunday between Pakistani and Indian military chiefs, Islamic fighters were given until Friday to leave strategic heights in the Kargil region of Kashmir on the Indian side of a 1972 cease-fire line. The Indian army had

pushed the intruders back in other sectors of the cold, difficult terrain before the agreement was reached.

The way the government has handled Kargil and the kind of successes we have achieved and the confidence everyone has shown in the inherent strength of the economy, that is being reflected today, Sinha said in his speech Thursday.

The southern city of Bangalore Wednesday, he also said that India planned to argue against "unequal and discriminatory" rules and policy-making procedures at the World Trade Organization talks in Seattle, Washington.

He said the economic revival in India is being driven largely by demand from rural markets for Indian-made goods, and issued a warning to multinational companies against promoting consumerism in India.

The same stand will be taken up at the WTO meetings, he said.

"Today we are alone in some of the international fora. It is because others have been suppressed, subdued or bought over," Sinha said.

S'pore to help LDCs integrate economies

SINGAPORE, July 15: Singapore has reconfirmed its support, along with other members of the APEC, to the causes of the LDCs, including Bangladesh, for integrating their economies with the world economy, reports BSS.

The pledge was given by Singapore's Trade and Industries Minister Brigadier-General George Yeo at a meeting with the visiting Commerce and Industries Minister Tofail Ahmed at his office today.

Yeo informed the visiting Minister that the APEC (Asia-Pacific Economic Cooperation) Trade Ministers, at a recent meeting, decided to further compensatory measures, including duty-free market access of the LDCs products, as decided in the first WTO Ministerial meeting in Singapore in 1996.

Tofail Ahmed, urging support of Singapore for the coming third WTO ministerial meet in Seattle, Canada, said, the LDCs, including Bangladesh, are deprived of the benefits from the rest of the world as pledged in the Uruguay Round of Agreements.

The poor countries have become poorer through liberalisation of their trade, Tofail said, adding that LDCs' miseries should be considered in the millennium round. He said as the

coordinator and spokesman of LDCs, Bangladesh will raise the grievances of the LDCs.

The two ministers also discussed the bilateral trade and investment relations with the Singapore Minister saying that much enthusiasm has been generated among the Singapore investors and businessmen about Bangladesh.

The Singapore Minister also appreciated Bangladesh government's open-door policy in energy, infrastructure and tourism sectors.

Tofail briefed his Singapore counterpart about the government steps and strategy to increase investments and exports. He requested Brig Yeo to use his good offices in mobilising investment from Singapore for Bangladesh.

Yeo said a trade delegation of Singapore TDB and Singapore Confederation of Industries will visit Bangladesh to explore the possibilities of expanding trade and investment.

During the meeting, MCCI President Mahbub Jamil, former MCCI President Samson H Chowdhury, Executive Chairman of BOI M Sirajuddin, and Bangladesh High Commissioner to Singapore Ashfaqur Rahman were present.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative)

Currency	Selling		Buying		Buying
	TT & OD	BC	TT Clean	OD Sight Export Bill	
US Dollar	48.7300	48.7700	48.3200	48.1570	48.0850
Pound Stg	76.4622	76.5250	75.3116	75.0575	74.9453
Deutsche Mark	25.5496	25.8708	24.8816	24.7823	24.7453
Swiss Franc	31.1076	31.1331	30.6307	30.5274	30.4818
Japanese Yen	0.4057	0.4060	0.3988	0.3975	0.3969
Dutch Guilder	22.9419	22.9608	21.9947	21.9819	21.9819
Danish Krone	6.7409	6.7464	6.5903	6.5681	6.5681
Australian \$	32.5809	32.6076	31.3162	31.2106	31.1639
Belgian Franc	1.2533	1.2543	1.2064	1.2015	1.1997
Canadians \$	33.2583	33.2856	32.3059	32.1970	32.1488
French Franc	7.7074	7.7137	7.4188	7.3892	7.3782
Hong Kong \$	6.2916	6.2986	6.2145	6.1935	6.1842
Indian Lira	0.0261	0.0261	0.0251	0.0250	0.0250
Norway Krone	6.1296	6.1346	6.0294	6.0091	6.0001
Singapore \$	29.0198	29.0436	28.0988	27.9950	27.9931
Saudi Rial	13.0301	13.0408	12.8487	12.8053	12.7862
UAE Dirham	13.3040	13.3150	13.1197	13.0755	13.0569
Swedish Krone	5.6834	5.6881	5.6127	5.5887	5.5884
Qatar Riyal	13.4224	13.4334	13.2329	13.1883	13.1886
Kuwaiti Dinar	164.0741	164.2088	152.2369	151.7234	151.4965
Tha Baht	1.3151	1.3162	1.3012	1.2968	1.2949
Euro	50.5574	50.5989	48.6643	48.4700	48.3976

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6997	45.8945

US Dollar London Interbank Offered Rate (LIBOR)

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
48.0850	48.7300	USD	5.1800	5.3100	5.5887	5.6357	5.7375
48.0850	48.7300	GBP	5.0516	5.1128	5.2848	5.3484	5.4356

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.267/43.272	51.780/51.850	37.060/	3.799/5	671.06720	1184.7/1185.0

Amex notes on Friday's market

The USD/BDT market has maintained its sluggish trend. The buying demand of the dollar remained low because of lower import and higher export. Increased incoming remittance also proved to be a vital factor for this slow movement. The USD rate moved around 48.6450-48.6500 range.

The money market remained highly liquid and was moderately active. The call market traded around 6.00-6.50 per cent range.

The dollar moved narrowly against the yen in late afternoon Tokyo on Thursday in a market marking time amid expectations that the Bank of Japan (BOJ) could soon intervene to curb the yen's strength. Such expectation mounted as the dollar approached a psychologically important support point of 120 yen. Senior Japanese Finance Ministry official Zembla Mizoguchi said earlier on Thursday the ministry would consider an appropriate response to the dollar's recent fall against the yen, but the impact of his remarks on the market was limited. The BOJ has intervened five times in the currency markets in recent months.

Earlier, the dollar rose as high as 120.92 Yen amid speculation that the BOJ might step in to buy dollars. But the dollar reversed direction on selling by Japanese exporters and on a report quoting Finance Minister Kiichi Miyazawa as saying that 120 yen was not a level to worry about. The dollar slipped as low as 120.42 yen before paring losses on comments by Miyazawa that the report was a "nuisance" and that there was no change in the policy of taking decisive action against any drastic rise in the yen.

At around 0653 GMT the exchange rates of major currencies against USD were GBP/USD 1.5644/54, USD/SFR 1.5699/09, USD/JPY 120.47/50, EUR/USD 1.0223/26.

US Stocks Roundup

Nasdaq hits new high as Dow goes down

NEW YORK, July 15: The Nasdaq composite index reached a new closing high Wednesday amid a rally in technology stocks that was spurred by a tame inflation report and a strong earnings outlook from computer chip maker Intel.

Technology stocks failed to keep pace, falling due to profit-taking and nervousness about economic and political uncertainty overseas.

According to preliminary calculations, the Nasdaq composite rose 39.14 to 2,817.37, topping its record close reached last Friday.

The Dow Jones industrial average was down 26.92 at 11,148.10, adding to its 26-point drop on Tuesday. The Standard and Poor's 500 index was up 4.60 at 1,398.16.

Advancing issues outnumbered decliners by 10-to-9 margin on the New York Stock Exchange, with 1,536 up, 1,398 down and 602 unchanged.

NYSE volume totaled 745,53 million shares as of 4 pm vs. 733,78 million in the previous session. The NYSE composite index was up 1.26 at 654.90, and the American Stock Exchange composite index was up 0.67 at 813.00.

The Russell 2000 index of smaller companies was up 3.35 at 461.46.

High-tech stocks rose on

positive earnings news from Intel, which reported late Tuesday its second-quarter earnings jumped 49 per cent and that it expects a strong second half of 1999. Intel closed higher and was the most active stock in Nasdaq trading Wednesday.

Technology stocks also got a lift from reports that fund managers at Fidelity Investments were putting money back into the tech sector. The mutual fund company had backed off such stocks since February.

Both reports helped ease the stock market was also supported by tame inflation news from the Labor Department and a Commerce Department announcement that retail sales rose just 0.1 per cent in June, a big slowdown from the May increase of 1.2 per cent.

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